



## LAND USE & HOUSING INFORMATIONAL REPORT

**DATE ISSUED:** January 15, 2009

**REPORT NO:** LUH 09 - 01

**SUBJECT:** Update on Current Housing Commission Activities

**NO ACTION IS REQUIRED ON THE PART OF LAND USE & HOUSING COMMITTEE**

### SUMMARY

This informational report will provide a brief background on six (6) current activities of the Housing Commission. These activities are: Public Housing Disposition Transition, Neighborhood Stabilization Program, Comprehensive Approach to Foreclosure Issue in San Diego, Moving to Work Program, the Proposal for Contract Administration Services for the Department of Housing & Urban Development (HUD) and Homeless Initiatives Request for Proposal/Qualifications.

### BACKGROUND

#### PUBLIC HOUSING DISPOSITION TRANSITION

In March 2007 the Housing Commission submitted a proposal to HUD to "opt out" of the public housing program. As authorized by the Housing Commission and Housing Authority, the proposal gave up operating subsidy for the public housing inventory (with the exception of 36 units) in return for an equal number of Section 8 Vouchers and the ability to retain ownership of the physical assets. The proposal was approved by HUD in August 2007 and Section 8 vouchers were awarded to the Commission in September 2007. This action transferred ownership of the housing units to the Commission, thereby preserving this affordable housing and also increased the assistance provided through the Section 8 program by 1354 vouchers.

The approval was conditioned upon a number of requirements, the most important being the creation by the Housing Commission of at least an additional 350 units of affordable housing. Over the past several months, Housing Commission staff and the Board have been pursuing a number of initiatives and required processes to begin to meet this important goal.

#### Financing Plan

On April 7, 2008 a Request for Proposals (RFP) for Financing Services was issued to support the efforts of the SDHC in the creation of affordable housing by providing long term and/or short term financing for new acquisitions and leveraging of its existing real estate portfolio.

On May 23, 2008, five (5) proposals were received and evaluated. In early December 2008, the proposal from Citigroup was approved by the Housing Commission Board and the Housing Authority and staff was authorized to enter into negotiations with that organization.

### **NEIGHBORHOOD STABILIZATION PROGRAM**

HUD's new Neighborhood Stabilization Program (NSP) provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. Under a formula established in the authorizing legislation, the City received \$9.4 million in NSP funds and the San Diego Housing Commission was tasked to complete the required application and to administer the grant on behalf of the City.

NSP funds will be used for five (5) primary activities:

1. Financing mechanism
2. Redeveloping demolished or vacant properties
3. Acquisition/rehabilitation and rental
4. Homebuyer education and counseling
5. Administration expenses

Funds are expected to be available in April 2009 and the Housing Commission is required to obligate all funds within 18 months of release of funds and to expend all funds within 48 months of release.

### **COMPREHENSIVE APPROACH TO FORECLOSURE ISSUE IN SAN DIEGO**

In December 2008, the City Council directed the Housing Commission staff to develop a comprehensive approach to address the foreclosure issue in the City. Further, the Commission was asked to provide a report on this task in 60 days and to engage community organizations, nonprofits and banks in this effort.

On January 14, 2009 the Housing Commission hosted a meeting of stakeholders including representatives from non-profits, redevelopment staff, banks and others. The Housing Commission recommends focusing on two areas, prevention of foreclosures and response to foreclosures. The meeting included dialogue and the exchange of ideas and opinions.

### **MOVING TO WORK PROGRAM**

In 1996, Congress approved legislation that allowed public housing agencies to identify more effective ways to operate federally subsidized rental programs. About 30 housing agencies were approved to participate in the Moving to Work (MTW) Demonstration program. The Housing Commission was one of PHAs to be awarded this status.

The purpose of the MTW program is to give PHAs the flexibility to design and test various approaches for providing and administering housing assistance that achieves at least one of the following objectives:

1. Reduces cost and achieves greater cost effectiveness in Federal expenditures;
2. Gives incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational

programs, or programs that assist people to obtain employment and become economically self-sufficient; and

3. Increases housing choices for low-income families.

Beginning in December 1998, under a five year contract with HUD, the Housing Commission operated a demonstration MTW program limited to seventy-four (74) Public Housing and Section 8 households. At the time, HUD considered ending the demonstration program and in December 2003, the Housing Commission's contract with HUD expired and the participants were transitioned to regular Public Housing and Section 8 status.

Under direction from Congress, HUD continued with the program and the participating agencies were able to initiate significant improvements in their federal programs. In November 2008, after reviewing the flexibility and changes added to the program by HUD, the Housing Commission requested reactivation of its MTW status. As part of the MTW process, the Housing Commission is required to submit an annual MTW Plan, describing the overall goals and innovative initiatives the Housing Commission intends to implement that will result in programmatic and administrative changes, as well as the agency's ability to respond to the community's affordable housing issues. The Plan reflects one of the primary goals of the Housing Commission's Business Plan for fiscal years 2009 through 2011 "To become the regional housing leader, expert and authority in initiating and implementing new, progressive solutions to San Diego's affordable housing needs."

Specific Housing Commission goals for MTW include:

- Increase the number of low income households served in the City of San Diego through several activities;
- Expand the range of housing choices for Housing Commission clients, including the implementation of a voucher-based Homeownership Program;
- Administer the entire Housing Choice Voucher allocation and the public housing program under one set of rules/operating procedures;
- Focus on rent reform and simplification; and
- Design processes and practices that achieve greater administrative efficiencies.

One of the most advantageous features of the MTW program is the ability to combine previously restricted funds, including public housing operating and capital funds with Section 8 funds. These changes will be part of the Housing Commission's annual budget plan. The intended impact of this program will be to streamline family and agency administrative obligations and help families gain education, training and skills to break the cycle of poverty and assist with upward mobility.

### **PROPOSAL FOR CONTRACT ADMINISTRATION SERVICES FOR HUD**

In 1999, as a result of budget cuts which led to a reduction in staff, HUD made the determination to outsource the administration of project-based contracts to public housing authorities (PHA). On October 1, 2008, HUD issued an Invitation for Submission of Application for Contract Administrators for Project-Based Section 8 HAP Contracts, under Section 8 of the United States Housing Act of 1937 (42 U. S. C. 1437f) ("Section 8").

A Contract Administrator's major responsibilities will include:

- Perform all PHA responsibilities under the ACC;
- Monitor project owner obligation to provide decent, safe, and sanitary housing to assisted residents;
- On behalf of HUD, ensure property owners are paid subsidy accurately and on a timely basis;
- Submit required documents and reports accurately and timely to HUD;
- Comply with HUD regulations and requirements, both current and as amended in the future, governing administration of Section 8 HAP Contracts.

On November 12, 2008, the Housing Commission approved the submission of a proposal to respond to HUD's RFP. The required process and year-end scheduling did not allow for prior approval by the Housing Authority of this proposal to HUD. This submittal of the proposal will be presented to the Housing Authority at the February 3, 2009 meeting for ratification.

### **HOMELESS INITIATIVES**

The San Diego Housing Commission (SDHC), Centre City Development Corporation (CCDC) and the City of San Diego (City) are collaborating to address the need for housing and services for homeless and extremely low income individuals who are at risk of becoming homeless. This partnership is an outcome of the Task Force, chaired by Councilmember Faulconer, that was tasked to identify the most effective approach to begin to address the needs of the homeless population in San Diego. To this end a Request for Proposal/Qualifications (RFP/Q) is being developed to solicit a comprehensive program to address homelessness and the necessary supportive services in the City of San Diego.

While the RFP/Q is focusing primarily on the downtown San Diego area, the ideas and solutions presented are likely to be replicated on a regional basis. Addressing chronic homelessness will be accomplished in multiple phases, with downtown development being implemented as Phase I. The selected respondent will be expected to work collaboratively with other service provider(s) or developer(s) during the development process.

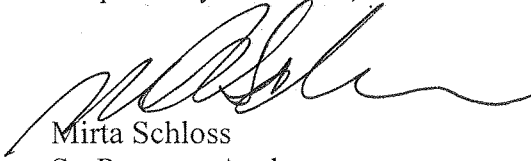
Rick Gentry, President & Chief Executive Officer of the Housing Commission will provide the most current information on each of these initiatives at the LU&H meeting on January 21, 2009.

Updates on Housing Commission Current Activities

January 15, 2009

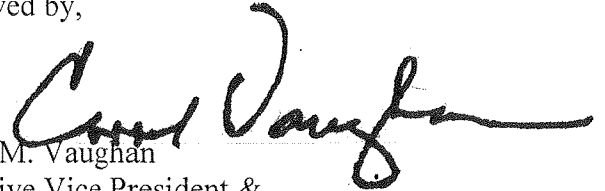
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Respectfully submitted,



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